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For Immediate Release**TRACFONE TO PAY \$23.5 MILLION TO RESOLVE INVESTIGATION INTO VIOLATIONS INVOLVING TWO MAJOR FCC PROGRAMS*****Settlement Resolves Lifeline and Emergency Broadband Benefit Program Investigation As Well As a 2020 Enforcement Action***

WASHINGTON, November 29, 2023—The Federal Communications Commission today announced that the Enforcement Bureau reached a settlement with TracFone Wireless (a Verizon subsidiary) to resolve an investigation into whether it violated the Commission’s rules for its Lifeline and/or Emergency Broadband Benefit programs. Following its acquisition by Verizon, TracFone self-identified and reported to the Commission and the Universal Service Administrative Company certain instances in which it may have violated the Lifeline and/or EBB rules. TracFone has agreed to compliance measures and a \$17,487,000 civil penalty in addition to \$6,013,000 to resolve a 2020 Notice of Apparent Liability for other apparent Lifeline violations.

“Whether attributable to fraud or lax internal controls, or both, we will vigorously pursue allegations of misconduct that harms critical FCC programs designed to help those most in need of communications-related services,” said Enforcement Bureau Chief Loyaan A. Egal. “This settlement sends a strong message that we are determined to protect the integrity of these programs. I want to thank the Enforcement Bureau’s Investigations and Hearings Division for its outstanding work on this matter.”

The Enforcement Bureau investigated TracFone’s procedures for determining customer usage, which are critical for ensuring public funds are not subsidizing unused connections. TracFone disclosed that its internal processes resulted in Lifeline claims for customers who had not used the service in the prior 30 days, contrary to the Commission’s rules. Specifically, TracFone’s internal systems: 1) improperly considered a subscriber’s receipt of an inbound text message to constitute qualifying Lifeline usage; and 2) improperly claimed support for a group of customers who were enrolled jointly in both the Lifeline and EBB programs, but did not use one of the services in the prior 30-day period.

TracFone also disclosed that a group of its field enrollment representatives used falsified tax documents to enroll subscribers in TracFone’s Lifeline and EBB services. After working with auditors, TracFone reimbursed the Universal Service Fund a total of \$22,654,154 for Lifeline from January 2019 through October 2021 and also paid back \$17,880,598 in EBB funds. TracFone further disclosed 79 field enrollment agents who were paid commission-based compensation tied to the number of customers enrolled, despite the Commission’s rules prohibiting such arrangements.

To resolve these matters, TracFone today entered into a [Consent Decree](#) with the Enforcement Bureau in which it agreed to a series of terms and conditions for future compliance that take into consideration TracFone's voluntary disclosures and its cooperation during the investigation. In addition, TracFone has also agreed to pay \$6.013 million to resolve a [2020 NAL](#) alleging the company claimed federal Lifeline funding for thousands of Texas customers who apparently were not eligible for the program, as well as enrollments in Florida that resulted from sales agents apparently manipulating customer data to create fake accounts.

The Lifeline program provides a monthly discount of up to \$9.25 on broadband and phone service for qualifying low-income consumers. Carriers participating in the program receive funds for each eligible Lifeline subscriber and must pass the savings on to those subscribers. The Lifeline program is paid for using Universal Service Fund dollars, and that money comes from fees assessed on the phone bills of American consumers and businesses. The separately funded EBB program helped lower the cost of high-speed internet and connected devices for eligible households in 2021 during the COVID-19 pandemic.

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).